

To the Members of the California State Assembly:

I am returning Assembly Bill 54 without my signature.

I am greatly concerned with the provisions that were amended into this measure, without the benefit of a public hearing, requiring the Department of General Services (DGS) to initiate a California Environmental Quality Act (CEQA) process on the properties identified prior to any sale, lease or exchange. This provision has the potential of costing California taxpayers millions of dollars.

Applying the CEQA process to these surplus properties prior to sale may result in unnecessary litigation, prolonged escrow periods and missed opportunities for the State to reduce its financial obligations under the voter approved Proposition 60A. Historically, surplus properties have generally been exempted from the CEQA process since the developer must provide for CEQA when the property is eventually developed.

Therefore, I am asking DGS to work with the Legislature to correct this unfortunate amendment and pass legislation to exempt the State and these properties from the CEQA process.

Until that time, I am unable to sign this bill.

Sincerely,

Arnold Schwarzenegger